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SUBJECT: LEBANON: RECONSTRUCTION LAGS IN THE SOUTH

SUMMARY

1. (SBU) Alaa Abu Hommeen of the Lebanon Transparency Association (LTA) said in a November 13 meeting with PolOff that while reconstruction efforts in the south are visible, they are continuing to move at a slow rate due to corruption and a lack of transparency. Hommeen said that the primary obstacles have been problems between the GOL and the Council of the South (COS), as well as a lack of progress in reconstruction by Hizballah's Jihad al-Bina (JAB). End Summary.

RECONSTRUCTION SLOW DUE TO CORRUPTION

2. (SBU) Hommeen, the Program Manager of a new project titled "Promoting Democracy in the South" (a Middle East Partnership Initiative-supported program promoting democracy in southern Lebanon), noted that one major roadblock to reconstruction has been the on-going problem with the COS (Note: The COS is an organization created by the government which is supposed to be an independent agency, but, in reality, is controlled and managed by Speaker of Parliament Nabih Berri, a political ally of Hizballah. End Note.) Hommeen reported that in the immediate months after the 2006 war with Israel, the GOL directed money to the COS in order to start the rebuilding process as quickly as possible. According to Hommeen, the COS has been accused of corruption by a number of GOL officials.

3. (SBU) According to Hommeen, the GOL allotted a large amount of its reconstruction budget to the COS. Hommeen added that the GOL authorized the COS to reimburse people, who were either injured or had their homes damaged during the 2006 war, with cash payments. Hommeen said that if a person claimed to have been injured, he or she was only required to produce two doctors' signatures on a document with an official seal from the "mukhtar", or mayor (which, according to Hommeen is very easy to acquire) certifying that the person resides in the area and/or was injured by the war. However, Hommeen noted that many people approached the COS with false claims. Hommeen mentioned one particular case where a man was paid LBP 6 million (USD 4 thousand) for a missing eye, when in fact both eyes were present and accounted for.

4. (SBU) Hommeen said that a number of investigations began due to the high number of false claims being filed. Hommeen noted that there are more than twenty seven fraud cases that have resulted from these allegations. Hommeen added that since the scandals have broken out, the GOL no longer gives money to the COS to reimburse victims. Instead, according to

Hommeen, the GOL gives this money to the Central Bank of Lebanon (CBL). Hommeen said that people now have to apply directly to the Ministry of Interior, which forwards their claims to a privately contracted company which then conducts an investigation of the person,s property and/or person. The company either certifies or rejects the persons claim and, if certified, the applicant can go directly to the CBL to receive his or her check and bypass the COS all together.

15. (SBU) Hommeen added that the COS continues to receive money from the GOL in order to pay its staff salaries and overhead costs. Hommeen noted that Berri was unaware of the large amounts of fraud being perpetrated and that Berri was reportedly very upset saying that such people should "burn in hell." However, Hommeen said that the COS cannot be audited by any other GOL agency, given its official independent status. Therefore, the COS can keep its books closed for the foreseeable future.

HIZBALLAH LOSING SOME SUPPORT IN THE SOUTH, BUT NOT PUBLICLY

16. (SBU) Hommeen also noted that Hizballah,s "Jihad al-Bina" (JAB) company, which has completed a number of rebuilding projects in the area, has also encountered problems. Hommeen said that in the immediate days after the war, Hizballah handed out cash donations to the displaced and injured. Hommeen added that the money that people originally received is dwindling and now, especially with winter setting in, people are beginning to question why reconstruction efforts are moving so slowly. One example that Hommeen cited was that of Dahiyeh, where Hizballah SYG Hassan Nasrallah promised residents that the town would be re-built in less than six months. According to Hommeen, "fifteen months

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later, not much has been rebuilt." Hommeen alleged that most of the money Hizballah received for reconstruction purposes was pocketed for other purposes, and this is why reconstruction in these areas has not met expectations.

17. (SBU) Hommeen believes that people in the south want to speak out against Hizballah because of the lack of progress on reconstruction and development. Since the war, Hommeen added that most residents realize that, due to the current political situation any such actions would make Hizballah appear weak and ineffective, something that most residents are afraid to do. Hommeen said that southern residents are reluctant to provide Hizballah,s enemies any ammunition to use against their patron and that they also do not want to appear unsupportive or unappreciative of powerful Hizballah.

ADDITIONAL RECONSTRUCTION PROJECTS IN THE SOUTH

18. (SBU) Hommeen noted that the French, Italians, and Russians are repairing bridges in the south (Note: Whereas other countries hired private contractors to do the rebuilding, the Russian Army actually did the building of a certain bridge, which Hommeen reports as looking very shoddy and unsafe. End Note) Hommeen added that the EU and UNDP are funding a number of agriculture and infrastructure projects in the south, along with USAID. The Iranians have stuck to rebuilding roads as their reconstruction assistance contribution.

19. (SBU) Hommeen reported that the Qataris and Emiratis had decided to adopt one or two villages to completely re-build. Hommeen said the Qataris had begun rebuilding the villages of Bint Jbeil and Khiam. However, due to corruption and money laundering problems, the Qataris, who were at first opposed to giving money directly to the Siniora government, have decided that it would be more transparent to give the funds directly to the GOL and let it handle the reconstruction. Hommeen added, as a result of all these problems the Qataris faced, the Emiratis and Saudis have decided to give money in

form of Paris III aid to the GOL.

HOMMEEN'S WISH LIST FOR THE USG

¶10. (SBU) Hommeen believes that the USG could help by directing assistance towards developing public buildings, primarily public libraries. Hommeen argued that there are no public libraries anywhere in the south and that if the USG were to decide to invest in any new projects in the area, "libraries would benefit the public more than anything else because they provided citizens a place to meet, to conduct research, enhance levels of education and decrease illiteracy rates." Hommeen also argued that medical waste and waste water treatment assistance is badly needed.

COMMENT

¶11. (SBU) Contacts of the embassy in the government contradicted Hommeen's claims, saying instead that the residents living in south Lebanon continue to have to go directly to the COS in order to receive compensation for their injuries. It appears that, whether or not this is the case, a large amount of reconstruction aid is being funneled through the COS to the benefit of Speaker Nabih Berri, an arch-enemy of the current government that the USG supports. End Comment.
FELTMAN